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SENATE BILL 2646
By Haynes

AN ACT relative to motor vehicle insurance and to amend
Tennessee Code Annotated, Titles 55 and 56.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the "Mandatory Insurance Act of 1998".

SECTION 2. Tennessee Code Annotated, Title 55, Chapter 4, is amended by adding as a new section, the following:

Section ____.

(a) It is the policy of the state of Tennessee that no vehicle shall be registered or driven on the highways of the state of Tennessee which is not in compliance with the Financial Responsibility Law of 1977.

(b) No registration or renewal of registration of a motor vehicle shall be issued by the commissioner unless the application for registration or renewal is accompanied by evidence that the vehicle and its owner have met the requirements of the Tennessee Financial Responsibility law of 1977, Tennessee Code Annotated, Title 55, Chapter 12, for the period of which the registration or renewal will be valid. Every registration shall be accompanied by the following notice: "THIS REGISTRATION SHALL AUTOMATICALLY TERMINATE UPON THE FAILURE TO MAINTAIN EVIDENCE SHOWING THAT THIS VEHICLE

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AND ITS OWNER MEET THE REQUIREMENTS OF THE TENNESSEE FINANCIAL RESPONSIBILITY LAW".

(c) Submission of one (1) of the following shall be evidence sufficient to show a vehicle and its owner have complied with the requirements of the financial responsibility law as required in subsection (b):

(1) a certificate, valid for one (1) year on forms provided by the commissioner from an insurance company authorized to do business in Tennessee stating that a policy of insurance meeting the requirements of the Tennessee Financial Responsibility Law of 1977 has been issued and will be in force during the period of registration or renewal;

(2) a certificate, valid for one (1) year issued by the commissioner of safety stating that a cash deposit or bond in the amount required by the Financial Responsibility Law of 1977 has been paid or filed with the commissioner's office for the period of registration or renewal.

(d) Upon the cancellation or termination of any policy of insurance which was used as a basis of the certificate provided in subsection (c)(1) prior to the expiration of such certificate where no replacement policy is issued the insurer shall within five (5) days provide notice to the commissioner and to the insured that to the insurer's knowledge the vehicle no longer meets the requirement of the financial responsibility law and that the registration of such vehicle will automatically terminate in fifteen (15) days unless such requirements are met.

(e) Upon the withdrawal of any cash deposit or bond which was used as a basis for the certificate provided in subsection (b)(2) prior to the expiration of such certificate the commissioner of safety shall within five (5) days provide notice to the registrant that to the commissioner's knowledge the vehicle no longer meets the requirements of the financial responsibility law and that the

registration of such vehicle will automatically terminate in fifteen (15) days unless such requirements are met.

(f) The registration of any vehicle shall automatically terminate effective fifteen (15) days from the date the commissioner receives notice pursuant to subsections (d) or (e), unless the owner of the vehicle provides the evidence provided in subsection (c).

(g) The commissioner shall upon receipt of the notice provided in subsection (d) or (e) immediately notify the registrant that the registration of such vehicle has terminated unless the registrant submits the evidence provided in subsection (c).

(h) Any insurance company which fails to provide the notice required in subsection (d) shall remain liable to the extent of the original policy limits for any accident the policy would have covered during the period of validity of the certificate or until the notice required in subsection (d) is provided to the commissioner, whichever is earlier.

SECTION 3. This act shall take effect on July 1, 1998, the public welfare requiring it.